UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices   Docket No. CP2016-35
Priority Mail Contract 160 (MC2016-29)
Negotiated Service Agreement

PUBLIC REPRESENTATIVE COMMENTS ON
THE UNITED STATES POSTAL SERVICE NOTICE OF AMENDMENT
TO PRIORITY MAIL CONTRACT 160

(December 27, 2016)

The Public Representative hereby provides comments pursuant to the Commission's Notice Initiating Docket(s).[1] In that Notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of an amendment to Priority Mail Contract 160.[2] Attachment A to the Notice consists of a redacted version of the Amendment to Priority Mail Contract 160. The non-redacted amendment was filed under seal.

In Order No. 2859, the Commission approved the Postal Service's request to add a new product identified as Priority Mail Contract 160 to the Competitive product list.[3] The Amendment updates the pricing mechanism. Contract 160, as amended, does not alter the established expiration date from the original Order. The effective date of the Amendment is one business day following the day on which the Commission issues all necessary regulatory approvals.

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[1] Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, December 16, 2016 (Notice).

[2] Notice of United States Postal Service of Amendment to Priority Mail Contract 160, December 15, 2016 (Amendment).

[3] See Order No. 2859, Order Adding Priority Mail Contract 160 to the Competitive Product List, Docket Nos. MC2016-29/CP2016-35, December 9, 2015.

COMMENTS

The Public Representative has reviewed Priority Mail Contract 160 and the Postal Service's Amendment. The Public Representative was unable to review the financial work papers as they were not submitted, but did review the proposed amendment relative to the original contract. Based upon that review, the Public Representative recommends Commission approval of the Amendment to Priority Mail Contract 160. It appears that the contract as amended should continue to generate sufficient revenues to cover costs and thereby satisfies the standards of 39 U.S.C. § 3633(a). The Public Representative encourages the Postal Service to always submit workpapers to amendments when there is a foreseeable impact on cost coverage. Additionally, the Public Representative encourages the Postal Service to reply to the Commission's requests for information by their stated deadlines if the Postal Service wants timely review. Finally, the Public Representative urges the Commission to scrutinize this contract during their end of year review to ensure compliance.

Requirements of 39 U.S.C. § 3633. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the financial model, it appears the prices as amended should continue to generate sufficient revenues to cover costs during the next year. In addition, the Postal Service must file revenue and cost data for Priority Mail Contract 160 in future Annual Compliance Reports. This data will permit the Commission to annually review the financial results for Priority Mail Contract 160 in future Annual Compliance Determination (ACD) reports for compliance with 39 U.S.C. § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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